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2d Session
SENATE
REPORT
No. 2828

SUMMARY OF ACTIVITIES

REPORT

OF THE

SENATE COMMITTEE ON BANKING AND CURRENCY

EIGHTY-FOURTH CONGRESS

SECOND SESSION

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STATEMENT OF THE CHAIRMAN

The Senate Committee on Banking and Currency faced a heavy workload during the 2d session of the 84th Congress and completed its legislative program with dispatch. The accomplishments of the committee are attributable to the hard work of committee members and the staff and the leadership of the chairmen of our subcommittees: Senator A. Willis Robertson, of Virginia, chairman of the Banking Subcommittee; Senator John Sparkman, of Alabama, chairman of the Housing Subcommittee; Senator J. Allen Frear, Jr., of Delaware, chairman of the Production and Stabilization Subcommittee; Senator Paul H. Douglas, of Illinois, chairman of the Federal Reserve Subcommittee; Senator Herbert H. Lehman, of New York, chairman of the Securities Subcommittee; Senator A. S. Mike Monroney, of Oklahoma, chairman of the Currency and Coinage Subcommittee; Senator Wayne Morse, of Oregon, chairman of the Small Business Subcommittee; and the International Finance Subcommittee of which I am chairman.

Sixty-seven bills and fourteen resolutions were referred to the committee during this second session. Twenty-seven of these bills and resolutions were reported to the Senate, and the Senate acted favorably on all these measures. In addition, the committee reported favorably to the Senate six nominations to positions in the executive branch, and the Senate confirmed all these nominations.

This fine record could not have been achieved without the splendid cooperation and assistance of Senator Homer E. Capehart, of Indiana, the ranking minority member, and the other minority members of the committee: Senators John W. Bricker, of Ohio; Irving M. Ives, of New York; Wallace F. Bennett, of Utah; Prescott Bush, of Connecticut; J. Glenn Beall, of Maryland; and Frederick G. Payne, of Maine.

All activities of the committee are covered in the summary which follows. The summary includes an account of all bills and resolutions acted upon by the committee either through hearings or reports, as well as additional legislative studies completed or in process during the 2d session of the 84th Congress.

J. W. FULBRIGHT, *Chairman.*

Bills reported by Senate Banking and Currency Committee, 84th Cong., 2d sess.

No.	Description	Senate Report No.	Final action
S. 1188	National banks, waiver certain examinations	[1] 400	Public Law 502.
S. 1736	Changes in residence requirements of directors of national banking associations.	[1] 401	Public Law 496.
S. 2577 H. R. 6227 [2]	Regulation of bank holding companies	[1] 1095, 1095 pt. 2	Public Law 511.
S. 2854	Mortgage insurance for disaster victims	1757	Passed Senate—Included in Public Law 1020.
S. 2855	Shelter for disaster victims	1758	Passed Senate.
S. 2859	Rent-free housing for disaster victims	1759	Do.
S. 2960 H. R. 7871 [2]	Small Business Administration disaster loans	1405	Public Law 402.
S. 3091	Disposal of Louisville, Ky., rubber plant	1649	Public Law 433.
S. 3332	Filing of President's Economic Report	1961	Public Law 591.
S. 3515	Housing for civilian employees of Armed Forces	1777	Public Law 574.
S. 3732	Flood damage insurance	1864	Public Law 1016.
S. 3844	Urban renewal assistance to disaster areas	1907	Passed Senate—Included in Public Law 1020.
S. 3855 H. R. 11742 [2]	Housing Act of 1956	2005	Public Law 1020.
S. 3784 H. R. 11000 [2]	Medals in commemoration of 100th anniversary of the birth of Justice L. D. Brandeis.	2422	Public Law 727.
S. 3832	Disposal of synthetic rubber research laboratories at Akron, Ohio.	2486	Public Law 806.
S. 3868	Extension of Export-Import Bank Act	2487	Passed Senate.
S. 3911	Regulation of bank mergers	2583	Do.
H. R. 6298	Transfer of housing project to Moses Lake, Wash	1407	Public Law 407.
H. R. 7540	Sale of housing project to city of Hooks, Tex	2006	Public Law 567.
H. R. 7927	Extension of time to State of Louisiana for initial payment on purchase of property from United States.	1625	Public Law 437.
H. R. 9052	Extend Export Control Act for 2 years	2147	Public Law 631.
H. R. 9285	Extend authority of Federal Reserve banks to purchase United States obligations directly from Treasury.	2206	Public Law 622.
H. R. 9852	Defense Production Act of 1956	2237	Public Law 552.
H. R. 10230	Revolving fund for purchase of coinage metals	2270	Public Law 677.
S. J. Res. 113 H. J. Res. 471 [2]	Repair assistance to new homes	1406	Public Law 405.
H. J. Res. 569	Medals for surviving veterans of War Between the States.	2423	Public Law 730.
H. J. Res. 607	Authorize disposal of tin smelter at Texas City, Tex.	2135	Public Law 608.

[1] Reported 1st sess.
[2] Became public law.

Special Reports of Senate Banking and Currency Committee for 84th Congress

Report of FHA Investigations, S. Rept. 1.
Report on Stock Market Study, S. Rept. 376.
Report on Factors Affecting the Stock Market, S. Rept. 1280.
Report on Study of Federal Housing Programs, S. Rept. 1281.
Summary of Activities, 1st session, August 10, 1955, S. Rept. 1306.
International Bank and Monetary Fund Meeting, Istanbul, Turkey, November 17, 1955. (Committee print.)
Report of Settlement Costs, November 21, 1955. (Committee print.)
Staff Study, Federal Disaster Insurance, November 30, 1955. (Committee print.)
Report on Federal Disaster Insurance, S. Rept. 1313.
Report on Housing for the Aged, January 4, 1956. (Committee print.)
Preliminary Report on Newsprint Production and Supply, January 10, 1956. (Committee print.)
Review of Federal Housing Programs, Annual Report of the Subcommittee on Housing, S. Rept. 1448.
Report on Review of Voluntary Agreement Program submitted by Attorney General, February 28, 1956. (Committee print.)
Report of Federal Housing Administration and Veterans' Administration Fiscal Status, S. Rept. 1788.
Report of the Securities and Exchange Commission on S. 2054, May 25, 1956. (Committee print.)
Summary of Activities, 2d session, August 14, 1956, S. Rept. 2828.

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SUMMARY OF ACTIVITIES

BANKING LEGISLATION

Qualifications of National Bank Directors

[S. 1736]

[Public Law 496, approved April 27, 1956]

To amend section 5146 of the Revised Statutes, as amended, relating to the qualifications of directors of national banking associations

HISTORY OF LEGISLATION

See page 13 of the committee's Summary of Activities, 1st session, 84th Congress, for Senate action on this legislation during that session.

S. 1736 was referred to the House Committee on Banking and Currency on June 1, 1955, which reported it to the House on February 27, 1955 (H. Rept. 1815). It was passed by the House on April 18, 1956; and approved April 27, 1956, becoming Public Law 496.

DIGEST OF LEGISLATION

See page 13 of the committee's Summary of Activities for the 1st session of the 84th Congress.

Examination of National Banks

[S. 1188]

[Public Law 502, approved April 30, 1956]

To amend section 5240 of the Revised Statutes, as amended, relating to the examination of national banks

HISTORY OF LEGISLATION

See page 12 of the committee's Summary of Activities, 1st session, 84th Congress, for Senate action on this legislation during that session.

S. 1188 was referred to the House Committee on Banking and Currency on June 1, 1955, which reported the bill to the House, with an amendment, on February 27, 1956 (H. Rept. 1816). It passed the House, as amended, on April 18, 1956. The Senate concurred in the House amendment on April 19, 1956. The President approved the legislation on April 30, 1956, and it became Public Law 502.

DIGEST OF LEGISLATION

See page 12 of the committee's Summary of Activities for the 1st session, 84th Congress. Except for a technical amendment by the House of Representatives, concurred in by the Senate, the digest referred to is correct.

Regulation of Bank Holding Companies

[H. R. 6227]

[Public Law 511, approved May 9, 1956]

To provide for the control and regulation of bank holding companies, and for other purposes

HISTORY OF LEGISLATION

The history of this bill and S. 2577, a similar Senate bill, through the close of the first session of this Congress is set forth on pages 13 and 14 of the committee's Summary of Activities for the 1st session of the 84th Congress. S. 2577 was reported favorably to the Senate near the end of that first session, with the understanding that it would not be acted upon in the Senate until the 2d session of the 84th Congress. During the interval between the adjournment of the first session and the convening of the second session, several perfecting amendments were suggested. Hearings on these amendments were held by the Subcommittee on Banking on February 8 and 24, 1956. On March 6, 1956, Senator Robertson formally reported from the committee certain additional amendments to the bill. They were accompanied by part 2 of Senate Report 1095, dated March 6, 1956. The bill was debated in the Senate on April 24 and 25, 1956, during the course of which four further amendments from among several offered from the floor were adopted.

H. R. 6227, a similar bill introduced by Representative Spence on May 12, 1955, had passed the House on June 14, 1955, and had been referred to this committee on June 15, 1955.

At the conclusion of debate on S. 2577 on April 25, 1956, in the Senate, this committee was discharged from further consideration of H. R. 6227. The text of S. 2577 as perfected in the Senate was then substituted for the text of H. R. 6227 as passed by the House, and, so amended, H. R. 6227 passed the Senate on April 25, 1956. On April 26, 1956, the House agreed to the Senate amendments to H. R. 6227, which was approved by the President on May 9, 1956, becoming Public Law 511.

DIGEST OF LEGISLATION

In general, the act does two things. It provides for regulation of the growth of bank holding companies, and it prevents bank holding companies from managing or controlling nonbanking assets unrelated to banking.

The act applies only to a company controlling two or more banks. Control is deemed to accompany ownership (or trust control for the use of shareholders) of 25 percent or more of the voting shares of each of 2 or more banks, or control of election of a majority of the directors of each of 2 or more banks. Exemptions are made for certain fiduciary holdings, registered investment companies, underwriting activities, proxy solicitation, agricultural holdings, Federal corporations, charitable organizations, and partnerships. Individuals controlling banks are not subject to this act.

Prior approval of the Board of Governors of the Federal Reserve System is required (1) for a company to become a bank holding company, (2) for a bank holding company to acquire more than 5 percent of a bank's voting shares, (3) for a bank holding company to merge

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or consolidate with another. Exceptions are made for fiduciary and debt-collecting functions and for increasing a majority control of bank shares.

The Comptroller of the Currency may comment on such applications for approval involving national or District of Columbia banks and the State supervisory authority may comment on an application involving a State bank. If the comment is a disapproval given within 30 days after notice of the application furnished by the Board, the applicant may have a hearing before the Board, which renders the final administrative decision on the application.

The Board is to consider the financial history, condition, and management of the organization involved, convenience and service in the communities affected, and the aim of keeping the bank holding company system within limits consistent with the interests of banking, the public, and competition.

Expansion beyond the boundaries of the State in which a bank holding company has its principal business is forbidden, unless the State into which it wishes to expand expressly authorizes such expansion by statute.

No bank holding company is to acquire ownership or control of voting shares of a nonbank company. Within 2 years after enactment, no bank holding company may retain such ownership or control, or engage in any business but banking, managing or controlling banks, or furnishing services for a bank it controls. The Board may extend the 2-year period, annually, to 5 years. Evasion of these principles by use of share certificates or conditional sales is prohibited. Exceptions are provided for bank property companies, safe deposit companies, service companies for bank holding companies and banks, and asset-liquidating companies. Nonconformance through debt collections must be remedied in 2 years, as must also officially forced transfers of shares to a bank holding company from its subsidiary. Other exceptions cover certain fiduciary holdings, investments, and investment companies; previously owned shares; shares representing 5 percent or less of a company's voting securities or 5 percent or less of the bank holding company's total asset value; financial, fiduciary, or insurance companies found by the Board to be closely related to banking; tax-exempt labor, agricultural, or horticultural organizations; and foreign banks doing business aboard.

Registration with the Board is required for bank holding companies subject to the act, within 180 days after enactment or after the registrant becomes a bank holding company. Further reports must be filed as required by the Board.

Upstream and cross-stream borrowing, purchases, and investment for the benefit of bank holding companies are forbidden. Exceptions are allowed for certain bank property, safe deposit, and bank service companies, creditor banks, and fiduciary arrangements.

States rights over banks, bank holding companies, and subsidiaries are preserved.

A progress report to Congress by the Board is required within 2 years after enactment, and annually thereafter.

Criminal penalties are provided for willful violation of the act.

Judicial review by a United States court of appeals is assured aggrieved parties.

Numerous amendments are made to the Internal Revenue Code of 1954 to provide equitable tax treatment for companies compelled to distribute property under this act.

Regulation of Bank Mergers

[S. 3911]

To amend the Federal Deposit Insurance Act to provide safeguards against mergers and consolidations of banks which might lessen competition unduly or tend unduly to create a monopoly in the field of banking

HISTORY OF BILL

S. 3911 was introduced on May 23, 1956, by Senator Fulbright (for himself and Senator Capehart). Hearings were held on June 12 and 18, 1956. The bill was reported favorably on July 16, 1956 (S. Rept. 2583). The bill passed the Senate on July 25, 1956, and was referred to the House of Representatives. The House did not take action on the bill.

DIGEST OF BILL

This bill would have amended section 18 (c) of the Federal Deposit Insurance Act to require all asset acquisitions by insured banks through mergers, consolidations, or assumptions of liabilities to receive the prior written consent (1) of the Comptroller of the Currency, if the acquiring or resulting bank is a national bank or a district bank; (2) of the Board of Governors of the Federal Reserve System, if the acquiring or resulting bank is a State member bank; or (3) of the Federal Deposit Insurance Corporation, if the acquiring or resulting bank is an insured State bank and not a member of the Federal Reserve System.

In granting or withholding consent to such transactions, the three Federal agencies would have been required to consider the financial history and condition of the bank, the adequacy of its capital structure, its future-earnings prospects, the general character of its management, and the convenience and needs of the community to be served by the bank. In addition to these banking factors, the bill required each agency to consider whether the effect of the acquisition would be to lessen competition unduly or tend unduly to create a monopoly. In the interest of achieving uniform standards, the banking agency having jurisdiction would have been required to consult with the other two supervisory agencies on the competitive and monopolistic aspects of each acquisition. The banking supervisory agencies would also have been permitted, but not required, to request the opinion of the Attorney General.

Study of Banking Laws

Upon the initiative of Senator A. Willis Robertson, of Virginia, the committee began a study and comprehensive review of banking laws enacted since the Banking Act of 1935. In the past 20 years there has been a tremendous expansion in our economy and a corresponding increase in the number of new credit and financial institutions. During this period many constructive banking laws have been enacted, but these statutes have been handled largely on a piecemeal basis without sufficient reference or relationship to the financial and credit structure of the Nation in general. It is expected that this study will

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recommend many revisions to the banking laws, which recommendations will be presented to the next Congress.

CURRENCY AND COINAGE LEGISLATION

Coinage Metals Revolving Funds

[H. R. 10230]

[Public Law 677, approved July 9, 1956]

To amend sections 3526 and 3528 of the Revised Statutes relating to the coinage of subsidiary silver coins and minor coins of the United States

HISTORY OF LEGISLATION

H. R. 10230 was introduced by Representative Spence on March 27, 1956. It was reported from the House Banking and Currency Committee on May 8, 1956 (H. Rept. 2121), and passed the House on May 21, 1956. H. R. 10230 was referred to the Senate Committee on Banking and Currency on May 22, 1956, and was reported to the Senate on June 1, 1956 (S. Rept. 2270). The Senate passed the bill on July 2, 1956; and it was approved on July 9, 1956, becoming Public Law 677.

DIGEST OF LEGISLATION

This act amends section 3528 of the Revised Statutes to increase the minor coinage metal fund from $2 million to $3 million. This fund is a revolving fund established for the purchase of metals used in the coinage of 1-cent and 5-cent coins.

The act amends section 3526 of the Revised Statutes to permit the silver profit fund, which is a revolving fund established from the gain in the coinage of silver, to be used in the purchase of the alloy metal used in the production of subsidiary silver coins, including the 10-cent, 25-cent, and 50-cent pieces.

Brandeis Commemorative Medals

[H. R. 11000]

[Public Law 727, approved July 18, 1956]

To provide for the striking of medals in commemoration of the 100th anniversary of the birth of the late Justice Louis Dembitz Brandeis

HISTORY OF LEGISLATION

H. R. 11000 was introduced by Representative McCormack on May 3, 1956. The House Banking and Currency Committee reported the bill to the House on July 11, 1956 (H. Rept. 2678). It passed the House on July 11, 1956, and was referred to the Senate, which passed the measure on July 12, 1956. It was approved by the President on July 19, 1956, becoming Public Law 727.

S. 3784, a companion measure, was introduced by Senator Saltonstall (for himself and Senator Kennedy) on May 7, 1956. No hearings were held. The measure was reported to the Senate by the Banking and Currency Committee on July 6, 1956 (S. Rept. 2422). The Senate accepted the House bill in lieu of S. 3784.

DIGEST OF LEGISLATION

This act authorizes and directs the Secretary of the Treasury to strike and furnish to the Brandeis University, Waltham, Mass., 3,000 medals with suitable emblems, devices, and inscriptions to be determined by the Secretary. These medals are in commemoration of the 100th anniversary of the birth of the late Justice Louis Dembitz Brandeis. The Treasury Department will be reimbursed for the full cost of the medals.

CIVIL WAR VETERANS MEDALS

[H. J. Res. 569]

[Public Law 730, approved July 18, 1956]

To provide for a medal to be struck and presented to each surviving veteran of the War Between the States

HISTORY OF LEGISLATION

House Joint Resolution 569 was introduced on March 1, 1956, by Representative Sikes. It was referred to the House Rules Committee which reported the resolution on April 26, 1956 (H. Rept. 2069). It passed the House on May 21, 1956, and was referred to the Senate Committee on Banking and Currency on May 22, 1956. The Senate Committee on Banking and Currency reported the resolution, without amendment, on July 6, 1956 (S. Rept. 2423). It passed the Senate on July 12, 1956; and was approved July 18, 1956, becoming Public Law 730.

DIGEST OF LEGISLATION

The act authorizes and directs the Secretary of the Treasury to strike gold medals in honor of the last surviving veterans of the War Between the States who served in the Union or the Confederate forces. The medals are to be presented by the President or a person designated by him at the home of each veteran or at any other suitable place, with appropriate ceremonies.

FEDERAL RESERVE LEGISLATION

EXTENSION OF FEDERAL RESERVE BANKS, AUTHORITY TO ENGAGE IN DIRECT TRANSACTIONS WITH THE UNITED STATES TREASURY FOR UNITED STATES OBLIGATIONS

[H. R. 9285]

[Public Law 622, approved June 25, 1956]

To amend section 14(b) of the Federal Reserve Act, so as to extend for 2 additional years the authority of Federal Reserve banks to purchase United States obligations directly from the Treasury

HISTORY OF LEGISLATION

H. R. 9285 was introduced on February 14, 1956, by Representative Spence. On March 11 this bill was reported favorably to the House (H. Rept. 1843). It was passed by the House of Representatives on April 19, 1956, and referred to the Senate. The bill was reported

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favorably from the committee to the Senate on June 11, 1956 (S. Rept. 2206). S. 3406, a companion measure, was introduced by Senator Fulbright on March 9, 1956, but the Senate committee reported the House bill. H. R. 9285 passed the Senate on June 18, 1956, and was approved by the President on June 25, 1956, becoming Public Law 622.

DIGEST OF LEGISLATION

The bill extends for 2 years, through June 30, 1958, the authority of Federal Reserve banks, under the direction and regulation of the Federal Open Market Committee, to purchase directly from or sell directly to the United States through the Department of the Treasury certain obligations. These may be bonds, notes, or other obligations that are either direct obligations of the United States or fully guaranteed as to principal and interest by the United States. At any one time the 12 Federal Reserve banks may not hold more than $5 billion of such obligations purchased directly from the United States Treasury. The Board of Governors of the Federal Reserve System must include in its annual report to the Congress detailed information about such direct purchases or sales.

AMENDMENT TO THE EMPLOYMENT ACT OF 1946

[S. 3332]

[Public Law 591, approved June 18, 1956]

To amend the Employment Act of 1946, as amended

HISTORY OF LEGISLATION

S. 3332 was introduced by Senator Watkins, (for himself and Senator Flanders and Senator Goldwater) on March 1, 1956.

The committee reported the bill, with amendments but without hearings, on May 10, 1956. The bill passed the Senate on May 21, 1956, and was sent to the House where it was referred to the House Committee on Government Operations. H. R. 9764, dealing with the same subject matter, was introduced in the House by Representative Curtis on March 6, 1956. The House bill was reported favorably to the House on May 16, 1956. On June 5, 1956, the House considered and passed S. 3332, as passed by the Senate, in lieu of H. R. 9764. The bill was approved by the President on June 18, 1956, and became Public Law 591.

DIGEST OF LEGISLATION

The act requires the Economic Report of the President to be transmitted to the Congress not later than January 20 of each year, thus making more definite the former language of the statute requiring the report to be transmitted at the beginning of each regular session.

The act also changes the name of the Joint Committee on the Economic Report to the Joint Economic Committee.

SILVER PURCHASE PROGRAM

[S. 1427]

To repeal certain legislation relating to the purchase of silver, and for other purposes

HISTORY OF BILL

S. 1427 was introduced on March 14, 1955, by Senator Green, for himself and six other Senators. See page 30 of the committee's Summary of Activities for the 1st session of the 84th Congress for a detailed account of the history of this bill during that session of the present Congress. During the current session, a further hearing on this bill was held on January 10, 1956. On June 5, 1956, the subcommittee voted to lay the bill on the table for the balance of the second session of the Congress.

DIGEST OF BILL

See page 30 of the Summary of Activities of the committee for the 1st session of the 84th Congress.

HOUSING LEGISLATION

TITLE I REPAIR ASSISTANCE IN DISASTER AREAS

[H. J. Res. 471]

[Public Law 405, approved February 10, 1956]

To permit Federal Housing Administration title I repair assistance to new homes damaged by major disaster

HISTORY OF LEGISLATION

House Joint Resolution 471 was introduced by Representative Spence on January 12, 1956, and after consideration the resolution was passed by the House of Representatives on January 25, 1956 (H. Rept. 1657), and was referred to the Senate Committee on Banking and Currency on January 26, 1956.

Concurrently, a companion resolution, Senate Joint Resolution 113, introduced by Senator Sparkman on January 9, 1956, was reported to the Senate, without amendment, on January 19, 1956 (S. Rept. 1406).

On January 27, 1956, the Senate Committee on Banking and Currency was discharged from further consideration of House Joint Resolution 471 and the Senate passed House Joint Resolution 471 in lieu of Senate Joint Resolution 113 on February 2, 1956. The resolution was approved February 10, 1956, becoming Public Law 405.

DIGEST OF LEGISLATION

This resolution enables owners of new residential structures, without regard to the length of occupancy requirement, to obtain Federal assistance under the FHA home-repair loan insurance program to repair disaster-connected damages to their homes. The assistance authorized by the resolution is limited to those new (less than 6

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months' occupancy) residential structures which are located in disaster areas declared by the President pursuant to section 2 (a) of the act entitled "An act to authorize Federal assistance to States and local government in major disaster and for other purposes," as amended (Public Law 875, 81st Cong., approved September 30, 1950).

TRANSFER OF CERTAIN TEMPORARY HOUSING TO MOSES LAKE, WASH.

[H. R. 6298]

[Public Law 407, approved February 15, 1956]

To authorize the transfer of certain temporary housing projects to the city of Moses Lake, Wash.

HISTORY OF LEGISLATION

H. R. 6298 was introduced by Representative Holmes on May 17, 1955, and after consideration the House Committee on Banking and Currency reported the bill to the House on July 21, 1955 (H. Rept. 1340). The bill was passed by the House on July 30, 1955, and was referred to the Senate Committee on Banking and Currency on August 1, 1955. A companion bill, S. 2073, was pending before the Banking and Currency Committee, but the committee reported H. R. 6298, without amendment, on January 19, 1956 (S. Rept. 1407). The bill passed the Senate on February 2, 1956, and was approved by the President on February 15, 1956, becoming Public Law 407.

DIGEST OF LEGISLATION

The statute permits the transfer of war-housing projects, without charge, to the city of Moses Lake, Wash., and to other communities similarly situated. In prior legislation the Congress decided that certain temporary housing in the city of Richmond, Calif., should be transferred to the local public agency organized for slum clearance and community redevelopment rather than to any other agency of the city. Section 601 (g) of the Lanham Act was written to accomplish this purpose. However, instead of naming the city of Richmond, Calif., as the sole locality to which this specific restriction should apply, section 601 (g) states that the restriction shall apply in the case of any city where the total population by the 1940 census is less than the number of persons living in temporary housing on December 31, 1948.

Whereas the restriction in section 601 (g) was intended to apply only to Richmond, Calif., it was later discovered that it also applied to the city of Moses Lake, Wash., and other localities similarly situated. Under prior law, the temporary units in the city of Moses Lake could not be transferred to the city but had to be transferred to a local slum-clearance authority—the city of Moses Lake and other similar localities do not have such a local public body.

This statute removes this restriction, not only as to Moses Lake, Wash., which does not have a qualified local public agency to accept transfer of this property, but also as to other communities similarly situated.

Extend Time Limit for Conveyance of Certain Property to State of Louisiana

[H. R. 7927]

[Public Law 437, approved March 24, 1956]

To extend the time within which the State of Louisiana may make initial payment on the purchase of certain property from United States

HISTORY OF BILL

H. R. 7927 was introduced by Representative Long on January 3, 1956, and after consideration by the House Committee on Banking and Currency, was reported without amendment on January 19, 1956 (H. Rept. 1656). The bill was passed by the House on January 23, 1956, and was referred to the Senate Committee on Banking and Currency on January 24, 1956. The bill was reported, without amendment, by the Senate Committee on Banking and Currency on March 6, 1956 (S. Rept. 1625). The bill was passed by the Senate on March 19, 1956, and was approved by the President on March 24, 1956, becoming Public Law 437.

DIGEST OF LEGISLATION

Public Law 235, 84th Congress, approved August 4, 1955, authorized the Housing and Home Finance Administrator to convey certain war housing projects under his jurisdiction to the State of Louisiana for $300,000 to be paid to the Federal Government in 3 annual installments. The conveyance was authorized only if the initial installment was paid within 6 months after enactment. Public Law 437 extends for a 6 months' period the time in which the State of Louisiana may pay the initial installment.

Sale of Government-Owned Property to City of Hooks, Tex.

[H. R. 7540]

[Public Law 567, approved June 4, 1956]

To provide for the sale of Government-owned housing project to city of Hooks, Tex.

HISTORY OF BILL

H. R. 7540 was introduced by Representative Patman on July 21, 1955, and after consideration by the House Committee on Banking and Currency, was reported to the House on July 28, 1955 (H. Rept. 1554). The bill was passed by the House on February 1, 1956, and was referred to the Senate Committee on Banking and Currency on February 2, 1956. The bill was considered during the housing hearings held on March 20, 21, 26, 27, 28, and 29, 1956. It was reported (without amendment) by the Senate Committee on Banking and Currency on May 15, 1956 (S. Rept. 2006). The bill passed the Senate on May 21, 1956, and was approved on June 4, 1956, becoming Public Law 567.

DIGEST OF LEGISLATION

This bill authorizes and directs the Administrator of the General Services Administration to sell and convey to the city of Hooks, Tex., the North Village project, Texas 41142, whenever such project is determined by him to be surplus to the needs of the Government. Sale

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under this authorization would be made at fair market value as determined by the Administrator on the basis of an appraisal made by an independent real estate expert.

Housing for Essential Civilian Employees of the Armed Forces

[S. 3515]

[Public Law 574, approved June 13, 1956]

To amend the National Housing Act, as amended, to assist in the provision of housing for essential civilian employees of the Armed Forces

HISTORY OF LEGISLATION

As a result of hearings held by the Housing Subcommittee of the Senate Committee on Banking and Currency on February 27, 1956, S. 3515 was introduced by Senator Sparkman on March 23, 1956. The bill was reported, with an amendment, by the Senate Committee on Banking and Currency on April 18, 1956 (S. Rept. 1777), and was passed by the Senate on April 19, 1956.

The bill was referred to the House Committee on Banking and Currency on April 23, 1956, and after consideration was reported, with amendments, to the House on May 25, 1956 (H. Rept. 2215). The bill was passed by the House on May 29, 1956. The Senate agreed to the House amendments on May 31, 1956, and the bill was approved by the President on June 13, 1956, becoming Public Law 574.

DIGEST OF LEGISLATION

This statute adds a new section 809 to title VIII of the National Housing Act, as amended, to provide FHA insurance of mortgage loans on homes to be owned by private individuals who are essential civilian employees of the armed services, or employees of contractors of the armed services, at research and development installations. Mortgage loan terms available under the bill are the same as those available under section 203 of the National Housing Act, the FHA's regular program of mortgage insurance for sales housing.

In order to qualify for insurance under this new section, an individual would be required to hold a certificate issued by the Secretary of Defense which certifies that (1) he requires housing; (2) he is, on the date of the certificate, a civilian employed at a research and development installation of one of the armed services of the United States, or an employee of a contractor of the armed services; and (3) he is considered by the armed services to be an essential, nontemporary employee at such date.

In addition to issuing the certificate attesting to the employment status of each essential civilian and his need for housing, the Secretary of Defense would be required to certify to the Commissioner of FHA that housing is necessary for these civilian employees and that there is no present intention to substantially curtail the number of such civilian personnel assigned or to be assigned to such installations. The latter certificate would be conclusive evidence to the FHA Commissioner of the need for housing, but if the Commissioner should determine that mortgage insurance on such housing is not an acceptable risk he could require the Secretary of Defense to guar-

antee the armed services housing mortgage insurance fund from loss with respect to the mortgages in question. Mortgage loans may be accepted for insurance without regard to the tests of economic soundness or acceptable risk, which tests may apply to other mortgage insurance programs.

HOUSING AMENDMENTS OF 1956

[H. R. 11742]

[Public Law 1020, approved August 7, 1956]

To extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities, and for other purposes

HISTORY OF LEGISLATION

S. 3855, a committee bill, was introduced by Senator Sparkman on May 15, 1956 (S. Rept. 2005). The bill was reported by the committee after consideration of the following bills: S. 1536, S. 2565, S. 2640, S. 2736, S. 2762, S. 2790, S. 2848, S. 3057, S. 3158, S. 3186, S. 3190, S. 3296, S. 3302, S. 3309, and S. 3346. Open hearings on this general housing legislation were held on March 20, 21, 26, 27, 28, and 29, 1956, and testimony, statements, and reports were received from many Federal agencies, private individuals, and organizations.

S. 3855 passed the Senate, with amendments, on May 24, 1956, and was referred to the House of Representatives.

Concurrently, H. R. 11742, a committee bill, was reported by the House Committee on Banking and Currency on June 15, 1956 (H. Rept. 2363). This bill was subsequently considered in the House on July 25, 1956, was amended in several respects, and passed with amendments.

The bill was referred to the Senate. The Senate substituted the language of S. 3855 and made other amendments to the bill and passed H. R. 11742 with these amendments on July 25, 1956. The bill then became the subject of a conference between the Senate and House of Representatives. The report of the conferees (H. Rept. 2958) was approved by the Senate and the House of Representatives on July 27, 1956. The bill was approved by the President on August 7, 1956, becoming Public Law 1020.

DIGEST OF STATUTE

Title I—FHA Insurance Programs

Property improvement loans

Section 101.—(a) (1) Amends section 2 (a) of the National Housing Act to extend the title I property improvement program of the FHA 3 years until September 30, 1959.

(a) (2) Amends section 2 (a) of the National Housing Act to authorize the Federal Housing Commissioner, in his discretion, to waive the requirement that a residential structure must have been completed and occupied for at least 6 months before a loan financing improvements to the dwelling can be eligible for title I insurance.

(b) Amends section 2 (b) of the National Housing Act to (1) increase the maximum permissible loan for improvement of existing

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single-family structures from $2,500 to $3,500; (2) permit the FHA Commissioner to increase the maximum maturity to 5 years on loans for improvement of single-family structures; (3) increase the maximum permissible loan for the improvement of multifamily structures from $10,000 to $15,000, with an average of $2,500 per family unit.

(c) Amends section 2 (b) of the National Housing Act to establish an interest rate ceiling of 5 percent discount a year up to $2,500 and 4 percent discount on that portion of a loan in excess of $2,500.

Sales housing insurance

Section 102.—(a) Amends section 203 (b) (2) of the National Housing Act to provide that the maximum mortgage amount will be 95 percent (instead of the present 90 percent) of the first $9,000 of the appraised value of the property plus 75 percent of value in excess of $9,000 where the construction of the dwelling was completed more than 1 year prior to the application for mortgage insurance. This makes the ratio of loan to value the same for existing homes which are more than a year old as for new homes.

(b) Amends section 203 (h) of the National Housing Act to increase the maximum amount of an FHA insured loan financing disaster housing from $7,000 to $12,000.

Rental housing insurance

Section 103.—(a) Amends section 207 (c) (2) of the National Housing Act to increase the maximum ratio of loan to value for rental housing mortgages from 80 percent to 90 percent of estimated value of the project.

(b) Amends section 207 (c) (3) of the National Housing Act to increase the dollar limits from $2,000 per room to $2,250 per room. Where the number of rooms in the project is less than 4 per family unit the loan may be up to $8,100 per family unit instead of $7,200 as under prior law. The limits on loans financing elevator-type structures are increased from $2,400 to $2,700 per room and from $7,500 to $8,400 per family unit. The Federal Housing Commissioner may increase any of the foregoing dollar amount limitations per room by not to exceed $1,000 per room in high-cost areas.

Housing for the elderly

Section 104.—(a) Amends section 203 (b) (2) of the National Housing Act to permit the downpayment on the purchase of a home to be made by a corporation or person other than the mortgagor where the mortgagor is 60 years of age or older.

(b) Amends section 207 (b) of the National Housing Act to make technical amendments required by subsection (c) of this section.

(c) Amends section 207 (c) of the National Housing Act to authorize liberal insurance of mortage loans on rental housing projects sponsored by nonprofit corporations and designed for the use and occupancy of elderly persons. Such loans may not exceed $8,100 per family unit and 90 percent of estimated replacement cost of the project.

(d) Requires the Housing and Home Finance Administrator to establish an advisory committee on matters relating to housing for elderly persons.

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Cooperative housing mortgage insurance

Section 105.—(a) Amends section 213 (a) of the National Housing Act to permit a sponsor-mortgagor to obtain a commitment for FHA insurance if the mortgagor certifies that the project is intended to be converted later to a cooperative housing project.

(b) Amends section 213 (b) (2) of the National Housing Act to reduce from 65 to 50 percent the proportion of veterans required to qualify a cooperative for a 95 percent FHA section 213 mortgage loan and for higher room and unit mortgage amounts. World War I veterans would be permitted to be counted in determining the percentage of veteran cooperators. This subsection also authorizes the Federal Housing Commissioner to increase the dollar limits per room on loans insured under section 213 by not to exceed $1,000 per room in high-cost areas.

(c) Amends section 213 of the National Housing Act to provide that in the event any sponsor-mortgagor fails to sell the property on project to a nonprofit corporation or nonprofit housing trust he shall thereafter be ineligible for insurance of any additional mortage loans under section 213 of the National Housing Act.

(d) Amends paragraph (a) of section 227 of the National Housing Act to provide that cost certification provisions of the act shall apply to cooperative housing projects initiated by sponsor-mortgagors.

General mortgage insurance authorization

Section 106.—Amends section 217 of the National Housing Act to increase the general insurance authorization of the FHA by adding $3 billion to the amount of insurance outstanding as of July 1, 1956.

Housing in urban renewal areas

Section 107.—(a) Amends section 220 (d) (3) (B) (ii) of the National Housing Act to provide that in estimating replacement cost for the purpose of determining the maximum amount of a mortgage which can be insured pursuant to this section, replacement cost shall include an allowance for builder's and sponsor's profit and risk of 10 percent of all of the allowable cost items except that land, unless the Federal Housing Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage.

(b) Amends section 220 (d) (3) (B) (iii) of the National Housing Act to permit a $1,000 per room mortgage increase for garden-type apartments as well as elevator-type projects in high-cost areas at the discretion of the FHA Commissioner.

Low-cost housing for displaced families

Section 108.—Amends section 221 (d) of the National Housing Act as follows:

(1) The maximum dollar amount of mortgages is increased from $7,600 to $9,000 per dwelling or family unit, and from $8,600 to $10,000 per dwelling or family unit in high-cost areas;

(2) ratio of loan to value is increased from 95 percent of appraised value to 100 percent of appraised value. In the case of a mortgage covering a single-family dwelling the mortgagor is required to make an initial payment of at least $200 in cash or its equivalent which may cover settlement costs and initial payments for taxes, hazard insurance, insurance premiums, and other expenses;

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(3) maximum maturity is increased from 30 to 40 years.

Approval of cost certifications

Section 109.—Amends section 227 of the National Housing Act as follows:

(1) To provide that a cost certification, when approved by the FHA Commissioner, shall be final and incontestable, except for fraud or material misrepresentation on the part of the mortgagor;

(2) To permit allocations of such general overhead items as are approved by FHA to be included as part of the actual cost of the project for cost certification purposes;

(3) To provide that if the insured mortgage is to assist the financing of repair or rehabilitation of housing already owned by the mortgagor, the amount certified may include 100 percent of actual renovation costs;

(4) To provide that where a mortgage is insured under section 220 of the National Housing Act (urban renewal housing), the builder's profit allowance (where the mortgagor is also the builder) shall be 10 percent unless the FHA Commissioner, after finding such allowance to be unreasonable, shall by regulation prescribe a lower percentage; and

(5) To provide that where a mortgage is insured under section 220 of the National Housing Act, there shall be included an allowance for sponsor's profit (where the mortgagor is not also the builder). However, the sponsor's profit allowance is not based on amounts paid for land, leaseholds, or amounts paid under a general construction contract.

Title II—Secondary Mortgage Market

Federal National Mortgage Association

Section 201.—Amends section 302 (b) of the National Housing Act to exempt title VIII (military housing mortgages) and FHA or VA mortgages covering houses in Alaska, Guam, or Hawaii from the $15,000 per dwelling unit limit on the amount of a mortgage which can be purchased by FNMA under any of its operations.

Section 202.—Amends section 303 (b) of the National Housing Act to reduce the amount of FNMA stock, which sellers of mortgages are required to buy, from a present minimum of 3 percent of the unpaid principal of the mortgages sold to the Association to 2 percent, with authority in FNMA to raise or lower the percentage except that it may not be less than 1 percent.

Section 203.—Amends section 304 (a) of the National Housing Act to establish the criterion for FNMA purchase prices in its secondary market operations as "within the range of market prices" rather than "at the market price."

Section 204.—(a) Amends section 304 (a) of the National Housing Act to permit advance commitments by FNMA to purchase mortgages under its secondary market operations at prices which are sufficient to facilitate advance planning of home construction, but which are sufficiently below the price then offered by the Association for immediate purchase to prevent excessive sales to the Association pursuant to such commitments.

(b) Amends section 304 (d) of the National Housing Act to permit the FNMA to issue advance purchase contracts and commitments under its secondary market operations.

Section 205.—Amends section 305 (b) of the National Housing Act to provide that mortgages purchased under FNMA special assistance functions must be purchased for not less than 99 percent of the unpaid principal at time of purchase with adjustments for interest and comparable items for a period of 1 year following enactment.

Section 206.—Amend section 305 (f) of the National Housing Act to clarify the eligibility of military housing mortgages for purchase under FNMA special assistance functions.

Section 207.—Amends section 305 (e) of the National Housing Act in order to make it clear that the FNMA $5 million advance commitment and purchase limit per State for FHA section 213 (cooperative housing mortgages) would operate as a revolving fund.

Sections 208 and 209 (a) and (b).—Amend section 305 (c) and section 306 (c) and (e) of the National Housing Act, respectively, to make technical changes.

Title III—Slum Clearance and Urban Renewal

Section 301.—Amends section 102 (d) of the Housing Act of 1949 to authorize the Housing and Home Finance Administrator to make urban renewal planning advances to a single local public body acting on behalf of other local public bodies having authority for surveys and plans for an urban renewal project.

Section 302 (a) (1) and (2).—Amend sections 105 (a) and 110 (b) of the Housing Act of 1949, respectively, to authorize the Housing and Home Finance Administrator to make loans or capital grants on the basis of a local plan covering a general urban renewal area without requiring the local public agency to identify and submit in advance a plan for the redevelopment of a particular redevelopment project area.

(b) Amends section 110 (c) of the Housing Act of 1949 to modify the definition of "urban renewal project" in two respects: First, the definition is simplified to consolidate the provisions relating to slum clearance and redevelopment with those relating to rehabilitation and conservation, thereby avoiding overlapping and duplication in the definition. The second change relates to the present requirement of the law that an urban redevelopment area must (with certain exceptions) either be predominantly residential to begin with or else be redeveloped for predominantly residential uses. This requirement does not presently apply to the entire urban renewal area, but only to those parts which are to be cleared and redeveloped. As modified this requirement would be applicable to the urban renewal area as a whole, including the portions which are to be rehabilitated.

(c) Amends section 110 (d) of the Housing Act of 1949 to provide that the cost of public facilities financed through special assessments against real property in an urban renewal area may be counted as a local grant-in-aid contribution, where the property against which the assessment is levied is in the project area, but is not acquired by the local public body.

(d) Amends section 110 (e) of the Housing Act of 1949 to authorize local public agencies that do not pay local taxes on land held for urban

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renewal purposes to include an amount equal to such taxes in computing their gross project costs.

Section 303.—(a) Amends section 102 (d) of the Housing Act of 1949 to permit advances by the Housing Administrator for "general neighborhood renewal plans" for urban renewal areas of such scope that urban renewal therein may have to be carried out in stages over a number of years.

(b) Amends section 102 (d) of the Housing Act of 1949 to provide that the Housing Administrator may make advances to local public agencies for surveys of urban areas to determine whether the undertaking of urban renewal projects in the areas may be feasible.

Section 304.—Amends section 106 (e) of the Housing Act of 1949 to increase from $70 million to $100 million the aggregate amount of capital grant contracts which may be entered into, without regard to the 10 percent limitation on the expenditure of funds in any one State, in States where more than two-thirds of the maximum capital grants permitted has been obligated.

Section 305.—Amends section 106 of the Housing Act of 1949 to establish new provisions authorizing the making of relocation payments to individuals, families, and business concerns displaced by an urban renewal project respecting which a contract for a Federal capital grant has been executed. Such payments will be made by the local public agency involved to cover reasonable and necessary moving expenses and other losses of property (except goodwill or profit), for which reimbursement or compensation is not otherwise made, incurred by such individuals, families, and business concerns, but only for such expenses and losses as are incurred on or after the date of enactment of the bill and only in amounts not exceeding $100 in the case of any individual or family and $2,000 in the case of any business concern. The capital grant otherwise payable would be increased by the amount of the relocation payments, so that the local public agency would not be required to contribute any part of such payments as a local grant-in-aid. Any contract for a capital grant which was executed before the date of enactment may be amended to provide relocation payments for expenses and losses incurred on or after such date.

Section 306.—Amends section 104 of the Housing Act of 1949 to provide that local grants-in-aid shall be a maximum of one-third of aggregate net project costs.

Section 307.—(a) Amends title I of the National Housing Act of 1949 by adding a new provision that where the local governing body certifies, and the Housing Administrator finds, that an urban renewal area is in need of redevelopment or rehabilitation as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President has declared under existing law to be a major disaster, the Administrator is authorized to extend urban renewal assistance without regard to a number of requirements contained in title I of such act. These include the workable program requirement (except that a workable program would be required by some future date determined by the Administrator); the requirement that the urban renewal plan conform to a general plan of the locality; the public hearing requirement; and certain requirements with respect to the predominantly residential character or blighted character of urban renewal areas. Since the displacement of families will already, in many instances, have occurred as a result of the major disaster, the relocation requirements are modi-

fied. In the preparation of the urban renewal plan with respect to a project aided under these new provisions, the local public agency is required to give due regard to the removal or relocation of dwellings from the site of recurring floods or other recurring catastrophes in the project area.

(b) and (c) Amend subparagraph (A) of section 220 (d) (1) and section 221 (a) of the National Housing Act, respectively, to provide special mortgage-insurance assistance for the construction and rehabilitation of housing in urban renewal areas and the provision of low-cost housing for families displaced from urban renewal areas. Under the amendments in these subsections, the FHA mortgage-insurance assistance could be provided without regard to the usual requirement that the community must have a workable program for the prevention and elimination of slums.

(d) Amends section 701 of the Housing Act of 1954 to permit Federal urban planning grants for a community affected by a major disaster without regard to whether the community's population is 25,000 or greater.

Section 308.—Amends section 701 of the Housing Act of 1954 to increase the urban planning-grant authorization from $5 million to $10 million.

Title IV—Public Housing

Low-rent public housing

Section 401.—(a) Amends subsection (i) of section 10 of the United States Housing Act of 1937 to authorize the Public Housing Administration to enter into new contracts for loans and annual contributions after July 31, 1956, for not more than 35,000 additional low-rent public housing units each year for 2 years. Each 35,000-unit increment is available for contracting for 2 years after it first becomes available. Any balance of the authorization of 45,000 units provided by the Housing Amendments of 1955 which is not utilized by July 31, 1956, is carried over.

(b) Repeals a proviso in the Independent Offices Appropriation Act, 1953, which prohibits the Public Housing Administration from committing itself to authorize the commencement of construction in any one year of more than 35,000 units of low-rent public housing.

Section 402.—Amends section 101 (c) of title I of the Housing Act of 1949 by restoring the requirement of the "workable program" as a condition to entering into the new contracts for low-rent public housing.

Section 403.—Amends subsection (d) of section 21 of the United States Housing Act of 1937 to increase from 10 percent to 15 percent the maximum portion of annual contributions and grant funds for public housing which may be made to any one State.

Housing for the elderly

Section 404.—(a) Amends the United States Housing Act of 1937 so as to make low-income elderly (65 years of age or over) single persons eligible for admission to low-rent public housing. Also defines the term "elderly families" to describe the individuals and families who are entitled to the provisions of subsection (b) of this section.

(b) Amends section 10 of the United States Housing Act of 1937 by adding new provisions authorizing the Public Housing Adminis-

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tration to assist the construction of new housing or the remodeling of existing housing in order to provide accommodations designed specifically for elderly families. Local public housing authorities are authorized to give a first preference in admission to elderly families in respect to any low-rent public housing units suitable to their needs, which preferences would be prior to any other preferences. The local authorities are also authorized, in the case of the elderly, to waive the requirements of the United States Housing Act that tenants admitted to public housing must come from substandard dwellings.

(c) Amends section 15 (5) of the United States Housing Act of 1937 to provide that the maximum cost per room for dwellings designed specifically for elderly families may be increased to $2,250, which is $500 over the maximum permissible for other public housing.

Farm-labor camps

Section 405.—Adds new provisions to section 12 (f) of the United States Housing Act of 1937 to direct the Public Housing Administration to transfer farm-labor camps without monetary consideration to any local public housing agency whose area of operation includes such project. A request for a transfer under this provision will have to be made by the local public housing agency within 18 months after enactment. The local agency will have to submit a finding and a certification as to the low-rent need for the project and the preferences to be given in occupancy. Such preferences will be given first to low-income agricultural workers and their families and, second, to other low-income persons and their families.

In the case of farm-labor camps in the State of Florida, such transfer could be made to any public housing agency in the State whenever, under the laws of the State, the agency (1) is authorized to acquire and operate the camp; (2) is required to give the preferences specified above; (3) is required, in the event of disposition of the project by sale or otherwise, to use the proceeds thereof and any available accumulated earnings to construct facilities (which shall be subject to the same preferences) for occupancy by low-income agricultural workers and their families in the same area; and (4) is required, so long as it continues to own or operate the project, to have on its managing board one or more members whose principal occupation is farming.

The PHA would be authorized to reserve to the United States any mineral rights of any nature upon, in, or under the property, including right of access to and such use of the property as may be necessary for mining and saving the minerals.

Any farm-labor camp not disposed of or under a contract for disposal pursuant to the provisions herein within 18 months after the date of enactment shall be disposed of by the PHA pursuant to the present provisions of the United States Housing Act of 1937.

Disposition of defense housing

Section 406.—(a) Provides for the transfer of 41 temporary defense-housing projects constructed or acquired under the provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended, and 2 Lanham Act war-housing projects, from the Housing and Home Finance Agency to the Department of Defense, effective on the first day of the month following en-

actment. The Department of Defense would be authorized to use the revenues from such property for its maintenance, operation, improvement, and liquidation, and for related administrative expenses. There would also be transferred $375,000 of the funds available for maintenance and liquidation of the properties for use by the Navy for repair and rehabilitation of the units transferred to it.

(b) Any housing constructed or acquired under the provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended, which is not transferred under the provisions of subsection (a), above, must be disposed of as expeditiously as possible (but not later than June 30, 1957) to the highest responsible bidder on a competitive bid basis and upon such terms and after such public advertisement as the Housing and Home Finance Administrator may deem in the public interest. However, the Administrator may reject any bid which he deems less than the fair market value of the property and may thereafter dispose of the property by negotiation. Housing disposed of under this subsection would have to be sold for removal from site (unless the local governing body approves onsite use), except that the project No. IDA–2D1 at Cobalt, Idaho, could be sold only for use on the site.

(c) Directs the Housing Administrator to convey the Lanham Act Tonomy Hill project (RI–37013) at Newport, R. I., to the housing authority of the city of Newport, and housing projects Nos. PA–36011 and PA–36012 to the housing authority of Philadelphia, Pa. These conveyances would be in accordance with the provisions of section 606 of the Lanham Act, except that such authorities could continue to house military personnel in such projects without regard to their income and would be required for a period of 3 years to give a first preference to military personnel in respect of specified numbers of dwelling units in such projects.

Section 407.—(a) Adds a new section 614 to the Lanham Act designed to accelerate the disposition of two classes of permanent war housing. One class consists of housing which is to be sold for removal from the site. The other class consists of projects to be sold on site which cannot be subdivided in such a manner as to offer for separate sale dwelling structures designed for occupancy by not more than four families. Housing which cannot be so subdivided is now subject to preference provisions of the Lanham Act (sec. 607 (c)) which give special preference to mutual organizations.

Under the new section 614 of the Lanham Act, all preference requirements with respect to the onsite sale of the nondivisible projects which the Agency holds on January 1, 1957, would terminate on that date. In the case of projects which are to be disposed of by selling the structures for removal from the site, this section will eliminate the sales preference requirements effective upon enactment of section 614.

(b) Authorizes the Housing and Home Finance Administrator to sell the Chinquapin Village housing project VA–44131 in Alexandria, Va., at fair market value, to the city of Alexandria or to the Alexandria Redevelopment and Housing Authority, or to any agency or corporation established or sponsored in the public interest by the city. The sale would be on such other terms and conditions as the Administrator determines and would be required to be made within 6 months after the date of enactment.

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(c) Authorizes and directs the Housing and Home Finance Administrator to sell to the city of Euclid, Ohio, for $6,125,000 the Lanham Act housing projects known as Euclid Homes (OH–33074) and Lakeshore Village (OH–33071) located in Euclid. This amount represents the current appraised value of the property. Payment is to be made within 20 years, with the unpaid balances bearing interest at 4½ percent per annum.

(d) Authorizes and directs the Public Housing Commissioner to sell and convey by quitclaim deed the Techwood Dormitory, situated in Atlanta, Ga., to the Georgia Institute of Technology upon full payment in cash of the purchase price. The purchase price would be the fair market value of the land on the date of the execution of the contract of sale as determined by the Public Housing Commissioner, excluding for purposes of such determination the value of any buildings, furniture, fixtures, and equipment located on the land. If the property is not sold and conveyed to the institute within 6 months after the date of enactment, the Public Housing Commissioner would be directed to dispose of it at public sale to the highest competitive bidder.

(e) Amends section 108 (c) of the Housing Amendments of 1955 to extend by 1 year the date by which the project at Glastonbury, Conn., may be disposed of under the Housing Amendments of 1955.

Payments in lieu of taxes

Section 408.—Directs the Public Housing Commissioner to approve payments in lieu of taxes for project fiscal years ending prior to April 1, 1956, by each of the following local public agencies in the following amounts:

Housing Authority of the City of Houston (Texas)	$200,324.82
Quincy Housing Authority (Illinois)	12,549.75
Housing Authority of the City of Fresno (California)	6,874.13
Reading Housing Authority (Pennsylvania)	11,106.59
Huntington, W. Va., Housing Authority (West Virginia)	13,049.38
Housing Authority of the City of Los Angeles (California)	104,765.05
Housing Authority of the City of Monroe (Louisiana)	1,560.76
Housing Authority of the City of Dothan (Alabama)	1,238.46
Housing Authority of the City of Sacramento (California)	26,628.29
Cincinnati Metropolitan Housing Authority (Ohio)	59,576.64
Housing Authority of the City of Tampa (Florida)	22,959.85

Title V—Military housing

Armed services housing mortgage insurance

Section 501.—Amends section 801 (g) of the National Housing Act to permit construction of projects on Midway Island and in the Canal Zone.

Section 502.—Amends section 803 (a) of the National Housing Act to extend the military housing program until June 30, 1958.

Section 503.—Amends section 803 (a) of the National Housing Act to increase the FHA military housing insurance authorization from $1,363,500,000 to $2,300,000,000.

Section 504.—Amends section 803 (b) (2) of the National Housing Act to require the Secretary of Defense, in programing additional military-housing units, to determine, with the approval of the FHA Commissioner, that the new units will not substantially curtail occupancy in existing housing covered by FHA-insured mortgages. If the FHA Commissioner does not approve additional units, and he re-

quires the Secretary of Defense to guarantee the armed services housing mortagage insurance fund from loss, he shall report to the Committees on Banking and Currency of the Senate and House of Representatives each instance in which he required such a guaranty.

Section 505.—Amends section 803 (b) (3) (B) of the National Housing Act to increase the maximum average family unit cost of a military housing project from $13,500 to $16,500. Under this sectiton, a mortgage could not exceed an average of $16,500 per family unit, including equipment, and the replacement cost of the project financed with the mortgage (including the estimated value of any usable utilities within the boundaries of the project where owned by the United States and not provided for out of the proceeds of the mortgage) could not exceed an average of $16,500 per family unit.

Section 506.—Amends section 803 (b) (3) (C) and sections 403 (a) and (b) of the National Housing Act and Housing Amendments of 1955, respectively, to make technical changes.

Section 507.—Amends section 403 (a) of the Housing Amendments of 1955 to clarify the bonding requirements imposed upon contractors who build military housing under FHA mortgage insurance.

Section 508.—Amends section 405 of the Housing Amendments of 1955 to increase the limit on monthly payments which the Secretary of Defense can make for the payment of principal, interest, and other obligations on military housing mortgages from $9 million to $21 million.

Section 509.—Amends section 406 of the Housing Amendments of 1955 to require that plans, drawings, and specifications when developed pursuant to arrangements made under this section, after the date of enactment of the Housing Act of 1956, shall follow the principle of modular measure, so that the housing may be built by conventional construction, onsite fabrication, factory precutting, factory fabrication, or any combination of these construction methods.

Section 510.—Amends title IV of the Housing Amendments of 1955 by adding a new section to provide that military housing constructed under the FHA mortgage insurance program will be subject to the same maximum limitations on net floor area for each unit as are prescribed for appropriated funds housing in the acts of June 12, 1948, and June 16, 1948 (Public Laws 626 and 653, 80th Cong.).

Section 511.—Amends section 408 of the Housing Amendments of 1955 to clarify the intent of the Congress with respect to local taxation of the lessee's interest in Wherry Act projects. Provides that such interest shall be subject to local taxes and assessments; however, no such taxes or assessments (not paid or encumbering such property or interest prior to June 15, 1956) may exceed the amount of taxes or assessments on other similar property of similar value, less such amount as the Secretary of Defense or his designee determines to be equal to (1) any payments made by the Federal Government to the local taxing or other public agencies involved with respect to such property, plus (2) such amount as may be appropriate for any expenditures made by the Federal Government or the lessee for the provision or maintenance of streets, sidewalks, curbs, gutters, sewers, lighting, snow removal, or any other services or facilities which are customarily provided by the State, county, city, or other local taxing authority with respect to such other similar property.

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Acquisition of Wherry Act housing

Section 512.—Amends section 404 of the Housing Amendments of 1955 to authorize the Secretary of Defense to acquire, operate, and improve the housing included in the so-called Wherry Act projects. These are projects which were constructed under the FHA title VIII military mortgage insurance program as it existed prior to the revision made by the Housing Amendments of 1955.

Permissive authority is given to the Secretary of Defense to acquire the existing Wherry Act projects by purchase, donation, condemnation, or other means of transfer. In negotiating for such projects, the purchase price of any such housing shall not exceed the Federal Housing Commissioner's estimate of the replacement cost of such housing and related property (not including the value of any improvements installed or constructed with appropriated funds) as of the date of final endorsement for mortgage insurance reduced by an appropriate allowance for physical depreciation, as determined by the Secretary of Defense or his designee upon the advice of the Commissioner. However, where FHA title VIII projects are programed under the authority provided by the Housing Amendments of 1955 the Department of Defense shall acquire existing Wherry Act projects. In such cases the Secretary of Defense is required to negotiate for acquisition of such Wherry Act projects and, in the event of failure to acquire through negotiation, to institute proceedings for acquisition of the projects through condemnation.

Condemnation proceedings under this subsection would be carried out in accordance with existing law except that payment of the condemnation award could be made either in a lump sum or over a period not exceeding 5 years; in the latter case the unpaid balance of the award would bear interest at the rate of 4 percent per annum.

The Secretary or his designee, in the case of housing acquired, is provided with the necessary authority to make arrangements with the mortgagee whereby such mortgagee will agree to release the reserve for replacement and certain other accrued funds with respect to such housing, in return for the agreement of the Secretary or his designee to carry out the purposes for which such reserve and other funds were accrued.

Housing acquired may be either assigned as public quarters to military personnel and their dependents, or leased to military and civilian personnel on terms and conditions deemed by the Secretary or his designee to be in the best interest of the United States and without loss to military personnel of their basic allowance for quarters or their appropriate allotments. Amounts equal to such quarters allowances and allotments where the housing is assigned as public quarters, and rental charges realized from leases of the housing, would be deposited in the revolving fund created herein.

A revolving fund is created to be used by the Secretary or his designee in paying the purchase price of housing and related property acquired, in paying interest, principal, mortgage-insurance premiums, and other obligations (except those for maintenance and operation) with respect to such housing, and in paying for the alteration, improvement, rehabilitation, and repair of such housing. Amounts received from the rental of such housing or its assignment as public quarters, and savings realized in the operation of section 405 of the

Housing Amendments of 1955 (which provides for the use of quarters allowances to pay mortgage obligations with respect to new title VIII housing), would be deposited in the revolving fund.

To provide capital for the above fund, $50 million is authorized to be appropriated, and the Secretary of Defense, with the approval of the President, is authorized to transfer from unexpended balances of any appropriations of the military departments not carried to the surplus fund of the Treasury such sums as may be determined by the Secretary of Defense to be necessary to provide adequate capital for the revolving fund.

Title VI—Miscellaneous

College housing

Section 601.—Amends section 401 (d) of the Housing Act of 1950 to increase the revolving loan fund for college housing and other educational facilities from $500 million to $750 million.

Research

Section 602.—(a) Authorizes and directs the Housing and Home Finance Administrator to conduct a research program. The program would develop and supply data and information on the housing inventory, mortgage market problems, the availability of low-income and middle-income housing, housing for elderly persons, residential design, assembly methods, and materials use, and characteristics of current and prospective housing market demand.

The Administrator is authorized to enter into contracts with State agencies or local governments and educational institutions and other nonprofit organizations, and into working agreements, on a reimbursable basis, with other Federal agencies. These contracts and working agreements may not exceed $500,000 during the fiscal year 1957, and this amount is increased by an additional $1 million on July 1, 1957, and $1 million on July 1, 1958.

Public facility loans

Section 603.—Amends title II of the Housing Amendments of 1955 to permit public facility loans to be made by the Housing and Home Finance Administrator to the District of Columbia, Puerto Rico, and the Territories and possessions of the United States.

Home Owners' Loan Act of 1933

Section 604.—(a) Amends section 5 (c) of the Home Owners' Loan Act of 1933 by increasing from $2,500 to $3,500 the limit on property alteration, repair, or improvement loans made by Federal savings and loan associations.

(b) Amends section 5 (c) of the Home Owners' Loan Act of 1933 to permit the associations to increase from 15 percent to 20 percent the proportion of their assets that may be loaned without regard to the loan limitation of $35,000 for any one property and without regard to a limitation on loans on property situated more than 50 miles from the association's home office.

Hospital construction

Section 605.—Temporarily revives and extends the authority to make hospital-construction loans or grants or other payments under the Defense Housing and Community Facilities and Services Act of 1951, in cases where loans, grants, or payments were denied solely because of

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the unavailability of funds. For each of the fiscal years ending June 30, 1957, and June 30, 1958, the sum of $5 million is authorized to be appropriated.

Farm housing

Section 606.—(a) Amends section 511 of the Housing Act of 1949 by continuing for 5 years the program of loans, contributions, and grants for farm housing and farm structures, authorized by title V of that act.

(b) Amends section 512 of the Housing Act of 1949 to provide that the Secretary of Agriculture's borrowings from the Treasury for the provision of funds for farm housing loans under title V (except sec. 504 (b)) would be limited to $450 million during the period beginning July 1, 1956, and ending June 30, 1961, and authorizes $19 million for contributions to prevent defaults on potentially adequate farms during the period from July 1, 1956, to June 30, 1961.

(c) Amends section 513 of the Housing Act of 1949 to authorize $50 million for repair and improvement of farms during the period from July 1, 1956, to June 30, 1961.

(d) Provides that the foregoing amendments to the Housing Act of 1949 shall take effect on July 1, 1956.

Section 607.—Amends paragraph (C) of subsection (b) of section 512 of the Servicemen's Readjustment Act of 1944 to extend the direct loan program from June 30, 1957, to June 30, 1958.

Mortgage Insurance for Disaster Victims

[S. 2854]

To amend the National Housing Act, as amended

HISTORY OF BILL

S. 2854 was introduced by Senator Bush (for himself and others) on January 5, 1956. The bill was referred to the Senate Committee on Banking and Currency, and hearings were held on February 15, 1956. The bill was reported by the committee, with an amendment, on April 16, 1956 (S. Rept. 1757), and was passed by the Senate on April 18, 1956.

S. 2854 was referred to the House Committee on Banking and Currency on April 19, 1956. Subsequently, the provisions of S. 2854 were incorporated by the House of Representatives into the omnibus housing bill, H. R. 11742 (Public Law 1020, approved August 7, 1956).

DIGEST OF LEGISLATION

(See sec. 102 (b) of H. R. 11742.)

Urban Renewal Assistance To Disaster Areas

[S. 3844]

To amend the Housing Act of 1949, as amended, to provide for urban renewal assistance to disaster areas

HISTORY OF BILL

The provisions of S. 3844 were originally contained in S. 3302. During the consideration of S. 3302 and related bills, these provisions were extracted and became S. 3844, being reported by Senator Bush

on May 14, 1956 (S. Rept. 1967). The bill was passed by the Senate on May 21, 1956, and was referred to the House Committee on Banking and Currency on May 22, 1956. Subsequently, the provisions of S. 3844 were incorporated into the omnibus housing bill, H. R. 11742 (Public Law 1020, approved August 7, 1956).

DIGEST OF LEGISLATION

(See sec. 307 of H. R. 11742.)

SHELTER FOR DISASTER VICTIMS

[S. 2855]

To provide authority to stockpile temporary housing for disaster relief, and for other purposes

HISTORY OF BILL

S. 2855 was introduced by Senator Bush (for himself and others) on January 5, 1956, and was referred to the Senate Committee on Banking and Currency. Hearings were held on February 15, 1956, and the bill was reported, with amendments, on April 16, 1956 (S. Rept. 1758). The bill was passed by the Senate on April 18, 1956, and was referred to the House Banking and Currency Committee on April 19, 1956.

DIGEST OF BILL

This bill, as amended, (1) provides authority for the Commissioner of the Public Housing Administration to enter into contracts on a standby or emergency basis for emergency production and delivery of housing and equipment into a location declared by the President to be a major disaster area, and (2) authorizes the Commissioner to use $5 million of borrowings from the Treasury under section 20 of the United States Housing Act of 1937, with which to purchase the emergency housing and equipment.

RENT-FREE ACCOMMODATIONS IN LOW-RENT HOUSING PROJECTS FOR DISASTER VICTIMS

[S. 2859]

To provide rent-free accommodations in certain federally aided housing for needy victims of major disasters, and for other purposes

HISTORY OF BILL

S. 2859 was introduced by Senator Bush (for himself and others) on January 5, 1956, and was referred to the Senate Committee on Banking and Currency. Hearings were held on February 15, 1956, and the bill was reported, with amendments, on April 16, 1956 (S. Rept. 1759). The bill was passed by the Senate on April 18, 1956, and was referred to the House Banking and Currency Committee on April 19, 1956.

DIGEST OF BILL

This bill, as amended, amends title II of the act of June 28, 1950 (54 Stat. 676), as amended, to permit victims of a major disaster, as declared by the President, as well as persons engaged in national-defense activities, to be considered for accommodations in low-rent public

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housing projects without respect to (*a*) any of the eligibility or preference provisions of the United States Housing Act of 1937, as amended, and (*b*) any advance guaranty of rent, or determination as to the rent-paying ability of a disaster victim as a condition of admission to such project.

Additional Activities in the Housing Field

REVIEW OF FEDERAL HOUSING PROGRAMS

In January 1956, a report (Rept. No. 1448) prepared by the Subcommittee on Housing presented a comprehensive review of all Federal housing programs. It was prepared in order to furnish to the Congress and to the general public an inventory of housing programs and problems at the Federal level.

MORTGAGE MARKET PROBLEMS

Following adjournment of the 1st session of the 84th Congress, the Housing Subcommittee undertook a study of mortgage market problems. Hearings were held on November 28 and 29, 1955. The study continues to be an important part of the subcommittee's work because of the vital interrelationships of the Federal credit policies and residential construction and financing. The staff is currently preparing a report on the operations of the Federal National Mortgage Association.

HOUSING FOR THE AGED

A staff study, issued as a committee print on January 4 and May 21, 1956, gave an account of the experience and problems in the field of elederly persons' housing. This study was undertaken to compile and focus attention on research data concerning the nature of and range of activities in this field, in many parts of this country and in foreign countries.

MILITARY HOUSING

A major task of the Subcommittee on Housing is to follow in detail the implementation of legislation relating to military housing. The first military housing project (Abilene AFB, Tex.) approved under the Housing Amendments of 1955 was the subject of staff study and committee hearings. A special aspect of the military housing problem was also explored in hearings on housing demand at Redstone Arsenal, Huntsville, Ala. Currently the staff is preparing a report which will compare military housing programs before and after the Housing Amendments of 1955, and will explore problems that might arise in connection with the provisions in the Housing Act of 1955 which provide for the acquisition of Wherry Act housing.

FISCAL STATUS OF FHA AND VA

Hearings and a report by the Subcommittee on Housing analyzing the fiscal status of the Federal Housing Administration and Veterans' Administration served as a summary account of the financial condition of these two agencies. The report presents in detail the nature and magnitude of the Federal Government's financial commitments in the housing field.

HOME LOAN BANK SYSTEM

The Subcommittee on Housing is studying the structure and methods of operation of the Home Loan Bank System, with special reference to the relationships of the Federal Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation. This study was undertaken following the rejection by the Congress of the President's Reorganization Plan No. 2 during the 2d session of the 84th Congress.

INCOME AND HOUSING

The staff of the Subcommittee on Housing is engaged in an economic and legal study of the effect of income considerations in the formulation of Federal housing policy. A central feature of this study will be an account of current activities and problems relating to the availability of housing for middle-income families.

INTERNATIONAL FINANCE LEGISLATION

EXTENSION OF EXPORT CONTROL ACT OF 1949

[H. R. 9052]

[Public Law 631, approved June 29, 1956]

To amend the Export Control Act of 1949 to continue for an additional 2 years the authority provided thereunder for the regulation of exports

HISTORY OF LEGISLATION

H. R. 9052 was introduced by Representative Spence on February 2, 1956. It was reported by the House Banking and Currency Committee on April 12, 1956 (H. Rept. 1998), and passed by the House on May 21, 1956. S. 3238, a companion bill, was introduced on February 20, 1956, by Senator Fulbright (for himself and Senator Capehart). Hearings were held on April 19 and 20, 1956. H. R. 9052 was favorably reported by the Senate Banking and Currency Committee on June 6, 1956, with an amendment (S. Rept. 2147), in lieu of S. 3238.

On June 14, 1956, H. R. 9052, as amended by the committee, was passed by the Senate. On June 26, 1956, agreement was reached on a conference report (H. Rept. 2485). This conference report was adopted by the Senate on June 27, 1956, and by the House of Representatives on June 28, 1956. The bill was signed into law by the President on June 29, 1956, and became Public Law 631.

DIGEST OF LEGISLATION

The act extends the Export Control Act of 1949, as amended, to June 30, 1958. It also directs the Secretary of Commerce to make a survey of the iron and steel scrap available and potentially available, and to make an interim report to Congress within 3 months and a final report by January 31, 1957. The Secretary is authorized to employ outside assistance in making the survey, but no person employed on a without-compensation basis under section 710 (b) of the Defense Production Act may participate in the survey in any manner.

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EXTENSION OF EXPORT-IMPORT BANK ACT OF 1945

[S. 3868]

To extend the Export-Import Bank Act of 1945, as amended

HISTORY OF BILL

S. 3868 was introduced by Senator Fulbright (for himself and Senator Capehart) on May 16, 1956. Hearings were held on June 8, 1956. The bill was reported, with amendments (S. Rept. 2487), on July 11, 1956, and passed the Senate on July 13, 1956.

In the House of Representatives H. R. 11261, a companion bill to S. 3868, was introduced by Representative Spence on May 16, 1956, and was reported favorably to the House (H. Rept. 2620) on July 5, 1956. The House failed to complete action on either bill.

DIGEST OF BILL

As introduced, the bill would have extended the operating life of the Export-Import Bank of Washington from June 30, 1958, to the close of business on June 30, 1963. This committee amended the bill by adding a provision requiring the Export-Import Bank to contribute to the civil-service retirement and disability fund on the basis of annual billings as determined by the Civil Service Commission and to the employees' compensation fund on the basis of annual billings as determined by the Secretary of Labor. Contributions were to begin on July 1, 1956, and would be designed to pay the share of the cost of operation and administration of these funds applicable to the Export-Import Bank.

As reported, H. R. 11261 contained only the provision extending the life of the Export-Import Bank.

EXPORT GUARANTY BILL

[S. 2256]

To authorize the guaranty of exports against certain risks of a political nature

HISTORY OF BILL

S. 2256 was introduced by Senator Fulbright on June 16, 1955. S. 2256 was discussed in hearings on June 8, 1956, primarily on S. 3868, providing for the extension of the Export-Import Bank Act of 1945. Certain questions were directed to Export-Import Bank officials during this hearing, both orally and in writing. The answers to these questions are contained in the printed record of the hearing. They indicate a belief on the part of the Export-Import Bank officials that their legislative authority is now ample to accomplish in general the purposes proposed by S. 2256. Consequently no further action was taken on this bill during the 84th Congress.

DIGEST OF BILL

The bill would have created an Export-Import Guaranty Corporation as an independent Federal agency with authority to enter into guaranty contracts with respect to exports from the United States in

order to assure against loss arising from nonpayment due to political risks. These risks were defined generally to include the result of any governmental action interfering with payment for an export transaction within a stipulated period after due date in accordance with lawful terms agreed upon by the parties. The term included such items as restriction of convertibility into United States currency of foreign currency; requisition, expropriation, or confiscation by a foreign government; the occurrence of war between the importing country and the United States; and the occurrence of hostile or warlike action in the foreign country.

The purchaser of the guaranty contract would pay in advance a fee to be fixed by the Corporation's Board of Directors, calculated to make the program self-supporting, but available on a broad scale in order to carry out the bill's objectives. Guaranty contracts would be made available only if not available on reasonable terms and conditions from companies authorized to do an insurance business in any State of the United States. The Corporation would use the services of private companies in carrying out its functions under this bill. Total liability of the Corporation under guaranty contracts would be limited to $1 billion at any one time. The Corporation would have $10 million of capital stock subscribed by the United States and would be authorized to borrow up to $50 million outstanding at any one time from the United States Treasury. Amounts available from its sale of stock and borrowings would be available, together with fees collected, to pay approved claims against the Corporation under the guaranty contracts.

As used in the bill, exports would include services as well as goods. Goods covered would be limited to personal property originating or substantially processed in the United States and exported commercially.

Lending Activities of Export-Import Bank

[S. 3329]

Relating to the lending activities of th Export-Import Bank of Washington, and for other purposes

HISTORY OF BILL

S. 3329 was introduced by Senator Smith of New Jersey, by request, on March 1, 1956. Questions relating to this matter were presented orally and in writing to officials of the Export-Import Bank of Washington during hearings held primarily on S. 3868 on June 8, 1956. The answers to these questions appear in the printed record of the hearings. The committee, on the basis of these answers, decided to take no further action on S. 3329.

DIGEST OF BILL

The bill would have abolished the Export-Import Bank's authority to make normal short-term commercial export-import loans. It would also have transferred to the Export-Import Bank all functions of each Federal agency in making long-term commercial export-import

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loans, loans for the development of resources of foreign countries, and loans to foreign governments. The bill would have become effective 60 days after its enactment.

PRODUCTION AND STABILIZATION LEGISLATION

DISPOSAL OF LOUISVILLE, KY., AND BALTIMORE, MD., SYNTHETIC-RUBBER-PRODUCING FACILITIES

[S. 3091]

[Public Law 433, approved March 21, 1956]

To amend the Rubber Producing Facilities Disposal Act of 1953, as heretofore amended, so as to permit the disposal thereunder of Plancor No. 1207 at Louisville, Ky.

HISTORY OF LEGISLATION

On January 31, 1956, Senator Clement (for himself and Senator Barkley) introduced S. 3091. A hearing was held on March 9, 1956. The bill was favorably reported on the same day, with amendments (S. Rept. 1649). The bill was passed by the Senate on March 12, 1956, and by the House of Representatives on March 13, 1956. It was signed into law on March 21, 1956, as Public Law 433.

DIGEST OF LEGISLATION

The statute provides for sale or lease by the Disposal Commission of the Louisville, Ky., alcohol butadiene plant and certain facilities at Baltimore, Md., needed for making a catalyst used in the manufacture of alcohol butadiene.

A 30-day period is provided for submission of offers to buy the Louisville plant, followed by a 30-day period of negotiations. A proposed sale must be approved by the Attorney General, and a report submitted to Congress. Either House of Congress may reject the sale by passage of a resolution within 30 days after the sale.

In the event a sale should not be effected, the Commission is authorized to enter into a lease, running not less than 5 years nor more than 15 years from the expiration of the existing lease. A proposed lease would also have to be submitted to the Congress for review.

The law also authorizes the Commission to sell or lease the catalyst equipment at Baltimore, Md., after obtaining the approval of the Attorney General, but without a congressional review.

The Louisville plant and the Baltimore catalyst equipment are subject to the national security clause, requiring maintenance in condition to produce the appropriate product, if needed for the national defense. The maintenance period is 10 years in the case of the Louisville plant, and up to 10 years in the case of the catalyst equipment.

The Disposal Commission's existence is extended to 90 days after the end of the period of congressional review, or the end of the period of negotiation if no proposed sale is submitted. The President is authorized to name a successor, which can exercise all the Commission's powers.

Disposal of Texas City Tin Smelter

[H. J. Res. 607]
[Public Law 608, approved June 22, 1956]

To authorize the disposal of the Government-owned tin smelter at Texas City, Tex., and for other purposes

HISTORY OF LEGISLATION

House Joint Resolution 607 was introduced by Representative Multer on April 19, 1956. It was reported by the House Banking and Currency Committee on May 14, 1956 (H. Rept. 2159), and passed by the House on May 21, 1956. Senate Joint Resolution 170, a companion resolution, was introduced on April 10, 1956, by Senator Fulbright, by request.

On June 5, 1956, House Joint Resolution 607 was reported favorably, without amendment (S. Rept. 2135), by the Senate Banking and Currency Committee. It was passed by the Senate on June 11, 1956, and was signed into law as Public Law 608 on June 22, 1956.

DIGEST OF LEGISLATION

The Federal Facilities Corporation is authorized and directed to sell or lease the Texas City, Tex., tin smelter, with or without any of the related assets, on such terms and conditions as will best promote the interests of the United States. The Federal Facilities Corporation is authorized to take all action necessary to sell or lease the plant, and to keep it operating pending such disposal.

A Tin Advisory Committee is created, consisting of the Secretaries of State, Interior, and Treasury, the Director of the Office of Defense Mobilization, and the Administrator of General Services. A period of at least 90 days is provided for submission of bids, and a period of at least 30 days for negotiation with bidders. The Federal Facilities Corporation is authorized to continue to operate the plant up to January 31, 1957, in order to make possible a sale of an operating plant.

All tin produced is to be transferred to the General Services Administration, which is to reimburse the Federal Facilities Corporation. If no sale or lease is effected by January 31, 1957, then the plant is to be closed down and transferred to the General Services Administration, for disposal under the Federal Property and Administrative Services Act.

Defense Production Act Amendments of 1956

[H. R. 9852]

[Public Law 632, approved June 29, 1956]

To extend the Defense Production Act of 1950, as amended, and for other purposes

HISTORY OF LEGISLATION

H. R. 9852 was introduced by Representative Spence on March 8, 1956. It was reported by the House Banking and Currency Committee on March 29, 1956 (H. Rept. No. 1983), and passed the House on May 31, 1956.

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Senator Fulbright introduced a companion bill, S. 3407, by request, on March 9, 1956. Hearings were held on April 23 and 25, 1956. On June 14, 1956, the Senate Banking and Currency Committee reported favorably H. R. 9852, with amendments (S. Rept. 2237). H. R. 9852, as amended, was passed by the Senate on June 22, 1956, with an amendment. The conference report (H. Rept. 2486), filed June 26, 1956, was approved by the Senate on June 27, 1956, and by the House on June 28, 1956. The bill was signed into law on June 29, 1956, as Public Law 632.

DIGEST OF LEGISLATION

As enacted, Public Law 632 makes the following changes in the Defense Production Act of 1950, as amended:

(1) It extends the powers contained in the act from June 30, 1956, to June 30, 1958.

(2) It extends the terminal date for the contractual authority in title III from June 30, 1963, to June 30, 1965.

(3) It requires the Secretary of Commerce to make a study of the nickel situation, including its production, allocation, distribution, use, resale as scrap, and of the adequacy of the present system of allocation between defense and civilian users.

(4) It enunciates the policy of the Congress to encourage the geographical dispersal of the industrial facilities of the United States in the interest of the national defense and to discourage concentration of such facilities in limited areas vulnerable to attack. It directs the executive agencies to apply this principle in the construction of Government-owned industrial facilities, in the rendition of Government financial assistance for the construction, expansion, or improvement of industrial facilities, and in the procurement of goods and services, when practicable and consistent with existing law and the desirability for maintaining a sound economy.

(5) The expenses of the Joint Committee on Defense Production are to be paid from the contingent fund of the House of Representatives.

Disposal of Government-Owned Synthetic Rubber Laboratories at Akron, Ohio

[S. 3832]

[Public Law 806, approved July 26, 1956]

To provide for the disposal of the Government-owned synthetic rubber research laboratories at Akron, Ohio

HISTORY OF LEGISLATION

S. 3832 was introduced on May 10, 1956, by Senator Fulbright, by request. After making a thorough review of the need for the laboratories as part of the Government's synthetic rubber research program, or for other research, the committee on July 11, 1956, reported the bill, with an amendment (S. Rept. 2486). The bill was passed by the Senate on July 13, 1956, and by the House on July 19, 1956. It was signed into law on July 26, 1956, as Public Law 806.

DIGEST OF LEGISLATION

As enacted, Public Law 806 transfers the laboratories to the General Services Administration for sale under the Federal Property and Administrative Services Act. They should first be offered for sale to the public. If such sales are not made, the laboratories may be transferred to interested Government agencies. Before offering the laboratories to the public, however, the General Services Administrator is required to ascertain what the value of the laboratories would be to the various Government agencies, and he is not to sell them to the public unless he finds, after consultation with the Director of the Budget Bureau, that sale to the public would be in the best interests of the United States. The National Science Foundation is authorized to reimburse General Services Administration for the expenses of protection and maintenance of the laboratories up to June 30, 1957.

Disapproval of Proposed Sale of Government-Owned Rubber-Producing Facility at Institute, W. Va.

[S. Res. 197]

Disapproving the sale of the Government-owned synthetic rubber plant at Institute, W. Va.

HISTORY OF RESOLUTION

Senate Resolution 197 was introduced by Senator Fulbright on January 26, 1956. Hearings were held on February 1 and 2, 1956. On February 3, 1956, an adverse report was filed (S. Rept. 1469). On February 8, 1956, the Senate considered Senate Resolution 197 and rejected it.

DIGEST OF RESOLUTION

The Rubber Producing Facilities Disposal Act of 1953, as amended by Public Law 336, 84th Congress, provided that when proposed contracts of sale of the facilities had been entered into by the Rubber Producing Facilities Disposal Commission, a report on the proposed sale should be made to the Congress, and that such proposed sale might be rejected by either House of the Congress by passage of a resolution within 30 days after the filing of the report.

In accordance with the provision, a report was filed by the Commission on January 12, 1956, setting forth the terms of the proposed sale of the plant at Institute, W. Va. Senate Resolution 197 proposed the disapproval of the sale.

Additional Activities in the Production and Stabilization Field

DEPRESSED AREAS

Because of the committee's jurisdiction over the subject matter of the bill, the chairman took an active interest in S. 2663, the depressed areas or area redevelopment bill. This bill was referred to the Committee on Labor and Public Welfare in the first session of the Congress, and that committee held a number of hearings on the bill. A similar bill, S. 2892, was referred to the Banking and Currency Committee, but because of the active consideration of S. 2663 by the Com-

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mittee on Labor and Public Welfare no hearings were held by the Banking and Currency Committee. On January 4, 1956, the chairman advised the chairman of the Labor and Public Welfare Committee of the Banking and Currency Committee's interest and subsequently proposed a number of amendments to the bill reported by the Labor and Public Welfare Committee. These amendments were accepted by that committee. Many of these amendments were based on the experience of the Banking and Currency Committee with other programs involving loans to commercial and industrial concerns, such as those of the Reconstruction Finance Corporation, the Small Business Administration, the mobilization agencies, and the housing programs. Other amendments related primarily to the strengthening of the program for industrial and commercial development in rural areas. S. 2663 was passed by the Senate on July 26, 1956, but no action was taken by the House of Representatives.

COFFEE PRICES

In accordance with its responsibilities in the field of commodity shortages and price increases, and because of the sharp increase in coffee prices which occurred in the fall of 1955 and again in early 1956, the committee made a study of the coffee situation. Information was obtained from a number of sources, including the Foreign Agricultural Service of the Department of Agriculture, the Bureau of Labor Statistics, the Department of State, the Department of Commerce, the International Cooperation Administration, the Federal Trade Commission, the International Monetary Fund, and various trade sources.

This study traced the developments since the study of coffee prices made by the committee pursuant to Senate Resolution 182 and Senate Resolution 195 in the 2d session of the 83d Congress and since the subcommittee report submitted at that time. These developments included the Federal Trade Commission proceedings against the New York Coffee and Sugar Exchange, ending in a consent order issued April 1, 1955, under which a report on compliance has been filed which is now being studied by the Commission; the activities of Inter-American Economic and Social Council of the Organization of American States, leading up to the proposal made in January 1956 and approved by the Council on August 9, 1956, for an international agreement on the subject of coffee stabilization; and the statistics and forecasts on the production, consumption, and prices of coffee since 1954.

Information developed in the course of this study indicated that fluctuations in the prices of retail coffee and wholesale roasted coffee were consistent with the variations in the fluctuating prices of coffee beans, and that the fluctuations in the prices of coffee beans were the result of anticipated shortages. The widely varying estimates of production and supply indicated the need for more adequate and reliable statistical data to provide a firm basis for analyses and projections. No information was developed which called for an investigation by the committee for the purpose of legislative action. Further developments will be followed, with a view to proposing any legislative action which may be desirable.

Senate Resolution 230, introduced by Senator Dirksen on March 14, 1956, would have authorized such an investigation. No action was taken on the resolution.

NEWSPRINT

In accordance with the committee's responsibilities in the field of commodity shortages and price increases, the chairman, on the basis of newsprint price increases and numerous reports of shortages of newsprint affecting the operations of many small newspapers, wrote to the Secretary of Commerce on November 3, 1955, requesting the Commerce Department to make a study of the present and anticipated newsprint capacity, production, and requirements.

In response to this request, a comprehensive report was forwarded by the Secretary of Commerce on January 9, 1956. This report was made available to the public as a committee print and was the subject of considerable interest on the part of the newspapers in the country. The report indicates a rapid and substantial increase in the demand for and consumption of newsprint, accompanied by an increase in capacity and supply, which does not match the increase in demand. Continued attention is being given to this important problem.

ECONOMY OF THE SOUTH

A staff report on the Economy of the South, prepared with the aid of the Legislative Reference Service of the Library of Congress, will be published soon. The study was requested by the committee so that it might be in a better position to assess recent economic and financial changes in the South. The data in the report is presented in three parts: (1) The factors that retard the growth of income, (2) the credit and banking facilities that influence the rate of industrialization, (3) the role of agricultural credit.

SECURITIES LEGISLATION

Federal Flood Insurance Act of 1956

[Public Law 1016, approved August 7, 1956]

[S. 3732]

To provide insurance against flood damage, and for other purposes

HISTORY OF LEGISLATION

Following the disastrous hurricanes and floods on the east coast in the fall of 1955, the committee directed the staff to make a study of the feasibility of Federal disaster insurance. The staff report was made available to each member of the committee prior to the commencement of hearings held during the recess of the first session of this Congress. On January 9, 1956, the staff study, entitled "Federal Disaster Insurance," was ordered to be printed as a Senate document (S. Rept. 1313).

Between October 31 and December 19, 1955, the committee held eight hearings on the general subject of disaster insurance, using as a basis proposed bills prepared for Senator Lehman, Senators Kennedy and Saltonstall, Senator Bush, and Senator Carlson. These hearings were held in the District of Columbia, New York, Massachusetts, Rhode Island, Connecticut, and North Carolina.

Three bills were introduced in the Senate as the basis for further hearings after the second session convened. S. 3137 was introduced

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on February 6, 1956, by Senator Lehman, for himself and 10 other Senators. On January 5, 1956, Senator Saltonstall (for Senator Kennedy, himself, and 10 other Senators) introduced S. 2768. Also on January 5, 1956, Senator Bush introduced, for himself and 19 other Senators, S. 2862. On January 18, 1956, Senator Bush introduced an amendment in the nature of a substitute for S. 2862. The Bush amendment received the backing of the administration. All these bills were referred to the Subcommittee on Securities. Five days of hearings on them were held between February 16 and 27, 1956. Following these hearings, the subcommittee and the full committee agreed upon a clean bill, S. 3732, which was reported favorably to the Senate on April 26, 1956 (S. Rept. 1864). On May 10, 1956, this bill was passed by the Senate and was subsequently referred to the House Committee on Banking and Currency.

That committee held 13 days of hearings between January 23 and February 10, 1956. During the second session of this Congress 44 bills on this subject were introduced in the House and referred to the House Committee on Banking and Currency. On July 17, 1956, the House committee amended S. 3732 and reported it favorably to the House (H. Rept. 2746). General debate on the bill took place on July 21 and the bill, as reported by the committee, with two additional floor amendments, passed the House on July 25, 1956. On July 26 the Senate requested a conference with the House. The House agreed to a conference on July 27. Conferees from the Senate and House met on July 27 and the conference bill was adopted by the House and the Senate on that same day. The measure was approved by the President on August 7, 1956, becoming Public Law 1016.

DIGEST OF LEGISLATION

The act empowers the Housing and Home Finance Agency to insure and reinsure real and personal property against flood damage and to enter into loan contracts with potential flood victims. The face amount of insurance policies and reinsurance agreements outstanding at any one time is limited to $3 billion (plus another $2 billion, if the President deems it necessary) minus claims approved and plus fees collected. The face amount of loan contracts outstanding at any one time is limited to $2 billion, plus an additional $500 million in any one fiscal year with approval of the President.

The Administrator is encouraged to use the services of private and other public organizations in carrying out his functions under this act. All administrative expenses are to be paid from direct appropriations. The Administrator is authorized to borrow up to $500 million, or such greater amount as may be approved by the President, in order to obtain funds to operate the insurance, reinsurance, and loan contract programs.

The Administrator is directed to make a continuing study of the practicability of extending the coverage of insurance programs to other forms of natural disaster, where such protection is not generally and practically available in all geographical locations from other public or private sources. He is also to study the participation by private insurance companies in the programs authorized by the act. He is further directed to study the feasibility of having private insurance

companies take over such insurance programs, with or without some form of Federal financial support.

Annual reports are required from the Administrator to the President for submission to the Congress. The report for the year 1958 is to list the States expected to participate in sharing subsidy payments under the insurance program after June 30, 1959. The report for the year 1961 is to contain an express opinion of the Administrator, supported by findings, concerning the advisability of withdrawing in whole or in part Federal financial support for flood insurance policies to be issued after June 30, 1962, taking into consideration the desirability of offering protection as authorized in this act. His opinion is to be accompanied by appropriate legislative recommendations.

In carrying out his functions under the act, the Administrator is required to appoint an advisory committee of between 3 and 15 persons familiar with the problems of insurance or reinsurance.

No insurance, reinsurance, or loan contract may be issued under this act covering risks against which insurance is available on reasonable terms from other public or private sources. No insurance can be issued under the act after June 30, 1959, except with respect to property in States which bear half of the rate subsidy applicable to flood insurance policies issued under this act and applying to property in the respective States.

No insurance, reinsurance, or loan contract can be issued under the act for any property found to be used in violation of State or local flood zoning laws. After June 30, 1958, no insurance, reinsurance, or loan contract can be issued under the act in any geographical location unless appropriate flood zoning restrictions deemed necessary by the Administrator are in effect in such location.

Insurance is available to any person or group or corporation or State or local government. Reinsurance is available for property owned by any such entity. Loan contracts are available to any of the above entities except State and local governments.

Flood is broadly defined in the act to include most forms of water damage to real or personal property. The coverage offered by the act extends to the continental United States and the Territories and possessions of the United States and Puerto Rico.

Insurance

The face amount of insurance issued by the Administrator under the act cannot exceed $250,000 per person at any one time; provided, that the insurance on any dwelling unit, including structures and personal property connected with it, cannot exceed $10,000 at any one time. As to each policy, there must be a loss-deductible provision excluding the first $100 of an approved claim plus 5 percent of the remainder of the claim. The Administrator may prescribe a higher loss-deductible provision. The fee for the insurance policy is to be determined as follows: The Administrator will compute an estimated rate which would be sufficient to pay all claims for probable losses over a reasonable period of years. This rate will not include any loading for profit and administrative expenses. In order to arrive at a fee to be charged for the policy that will make it marketable, the Administrator may reduce the estimated rate by as much as 40 percent. Before July 1, 1959, this subsidy portion of the rate is to be paid by the Administrator. On and after July 1, 1959, the State in which the insured property is located is

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to pay one-half of this subsidy applicable to Federal flood insurance on property located in the State.

Reinsurance

The Administrator is authorized to reinsure policies issued by private insurance companies against flood damage to real or personal property, where such insurance is not otherwise available on reasonable terms. Reinsurance fees are to be fixed by negotiation, and are not to include any subsidy similar to that authorized for Federal flood insurance. The premium rate, terms, and conditions of any reinsurance policy are subject to the Administrator's approval. Through reinsurance, he is to encourage private-insurance companies to insure against flood loss the excess over the dollar limits placed on Federal flood insurance.

Loan contracts

To provide an alternative protection to flood victims at a cost lower than insurance fees, the Administrator may enter a contract with a potential flood victim (excluding a State or local government) assuring him of a right to a loan in the event he becomes an actual flood victim. For this contract, the purchaser would be required to pay a fee fixed by the Administrator. This fee may include a subsidy similar to that authorized for Federal flood insurance. If he becomes an actual flood victim, the holder of such a contract has a right to obtain a loan sufficient to cover his proven flood loss above $500 but not in excess of $250,000 (or $10,000 in the case of a dwelling unit). He will obtain this loan from a private or public financial institution in reliance on a guaranty by the Administrator against loss of principal and interest. In the event no such institution is willing to make all or part of a loan on reasonable terms, the Administrator will make a direct loan to the contract holder to the extent necessary. The loan will bear interest at the rate prevailing in the area, but not exceeding 4 percent per annum on the outstanding principal. The loan will mature as prescribed by the Administrator, who is encouraged to grant a long-term maturity upon request. The Federal Reserve banks are authorized to act as fiscal agents of the United States upon designation by the Administrator.

Additional Activities in Securities Field

CONTINUATION OF STOCK MARKET STUDY

At the conclusion of the general hearings upon the stock market held during the 1st session of the 84th Congress, it was decided that further study and consideration should be given to the various suggestions that had been made for improvement of financial practices.

Public hearings were held by the Securities Subcommittee on proposed legislation and Securities and Exchange Commission rules dealing with corporate contests for control and the right of stockholders to circularize other stockholders and express views regarding corporate matters. Many suggestions for changes in the present method of conducting corporate elections and corporate meetings were made by various witnesses. As a result, the Securities and Exchange Commission amended its rules and regulations relating to proxy solicitations, and the committee decided to make a full study

of the comments and views expressed during the hearings with a view to determining whether additional legislation is necessary. This study is being made in cooperation with the Securities and Exchange Commission during the recess.

On July 28, 1955, the Subcommittee on Securities reported S. 2054 (see p. 33 of Summary of Activities, 1st sess., 84th Cong., Rept. No. 1306) to the full committee. This bill would extend to all corporations with $2 million in assets and either 750 stockholders or $1 million in outstanding debt the same investor protections currently provided by the Securities Exchange Act for listed companies. These protections include provisions for the disclosure of financial information; restrictions on insider trading in securities by officers, directors, and large stockholders of a company; rules governing the conduct of proxy contests; and restrictions on the use of credit in the form of margin requirements. Thereafter, the committee deferred action pending the receipt of studies of the companies affected by the bill by the staff and by the Securities and Exchange Commission. The staff completed its study on March 5, 1956, and the Securities and Exchange Commission completed its study on May 17, 1956.

The Securities and Exchange Commission then testified before the full committee upon the findings in its study. Since the Commission indicated in its testimony it had not reached any conclusion with respect to whether insurance companies should be included within the scope of the bill or with respect to certain of the insider trading provisions of the bill, the committee asked the Commission to do whatever additional investigating may be necessary and to report back upon these matters. Action upon the bill was deferred pending the receipt of this additional report.

One of the major abuses disclosed by the general hearings upon the stock market was the extent to which small investors were victimized by promoters in this country and abroad, who sold stock under an exemption from the Securities Act. S. 2330, which provided that the Securities and Exchange Commission could issue an order denying to any violator of the Securities Act the right to use the mails or any other instrumentality of interstate commerce so long as he refused to appear to answer charges of violation made against him, was recognized as a partial and imperfect attempt to close the loophole in the law which permitted unscrupulous persons to operate from across the border, in a neighboring country. Other suggestions are being compiled in a staff report on the subject. Recently, the Securities and Exchange Commission, after reviewing the testimony before congressional committees, adopted a revised set of rules to deal with this problem.

Toward the close of the session there was introduced a comprehensive bill, containing 57 amendments to the various Federal acts dealing with securities (S. 3915). Although no hearings were held upon this legislation, the staff has been engaged in an analysis of the various sections and has been instructed to submit a report upon it.

THE INSTITUTIONAL INVESTOR AND THE STOCK MARKET, 1953–55

In its report on the stock market study (Rept. No. 376, 84th Cong., 1st sess.) the committee stated that the role of the institutional investor in the securities markets was of sufficient importance to warrant

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a more extensive inquiry. It instructed the staff to initiate a study in cooperation with governmental and private agencies which would supply much-needed information bearing upon the influence of institutional purchases on the stock market. The staff report, which will be completed soon, is based on information obtained from (1) open-end and closed-end investment companies; (2) life, fire, and casualty insurance companies; (3) corporate pension funds; and (4) bank-administered personal and common trust funds.

The report will show for each institutional group information on the monthly volume of purchases, sales, and net acquisitions during the 34-month period from January 1953 through October 1955. Similar monthly data are supplied for each 25 selected stocks—the so-called blue chips. Among the additional items included are the amounts of common stocks held by institutions at the beginning and end of the 34-month period, as well as the proportion of their trading which took place on the exchanges and the over-the-counter market. Practically all the materials have been compiled for the first time. They help fill serious gaps in our statistical knowledge and throw much-needed light on the role played by the institutional investor in the stock market.

SMALL BUSINESS LEGISLATION

Small Business Disaster Loans

[H. R. 7871]

[Public Law 402, approved February 2, 1956]

To amend the Small Business Act of 1953

HISTORY OF LEGISLATION

H. R. 7871 was introduced by Representative Spence on January 3, 1956. The bill was reported by the House Banking and Currency Committee on January 6, 1956 (H. Rept. 1633), and was passed by the House on January 18, 1956. Senate bills dealing with the same subject were introduced as follows: S. 2775 by Senator Thye, S. 2856 by Senator Bush and others, and S. 2866 by Senator Morse and others. Hearings on these three bills were held by the Senate Banking and Currency Committee on January 16, 1956; and on January 19, 1956, the committee reported a committee bill, S. 2960 (S. Rept. 1405). On January 20, 1956, the Senate passed H. R. 7871, with a substitution of the language of S. 2960. A conference report between the Senate and the House was filed on January 26, 1956 (H. Rept. 1685). The Senate agreed to the conference report on January 27, 1956, and the House agreed on January 30, 1956. The bill was approved by the President on February 2, 1956, becoming Public Law 402.

DIGEST OF LEGISLATION

Section 1 of this act increases from $25 million to $125 million the aggregate amount of loans by the Small Business Administration which may be outstanding to small-business men and homeowners whose properties are destroyed or damaged by floods or other catas-

trophes. A corresponding increase of $100 million is also made in the overall lending authority of the Small Business Administration.

Section 2 of the act sets a statutory maximum of 3 percent interest on the Small Business Administration's share of all disaster loans to small businesses made in participation with private lenders. This section also amends existing law to permit a maximum term of 20 years on disaster loans to small-business men.

Section 3 of the act makes a technical change in the structure of the Small Business Act of 1953, which change has no substantive effect.

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